



Regulation of Prepaid Calling Card Services
WC Docket No. 05-68
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Principles

- Correct jurisdictional information must be passed through to the terminating LEC so appropriate USF assessments and access charges can be applied to the call.
- Carriers must be prohibited from inserting, removing or altering information that changes the jurisdictional nature of the call, including at the calling card platform.
- FCC should reject any attempt to sweep all prepaid calling card traffic into the interstate bucket as an interim solution as AT&T originally suggested as an alternative.

Few Disputed Issues Remain Relative to AT&T's Certification Proposal

Developing the PIU

- A methodology must be established for developing the reported PIU to ensure accuracy and eliminate incentives to avoid reporting actual data if the default PIU would provide too great a benefit:
 - 1) Determine a PIU according to all jurisdictionally identifiable traffic.
 - 2) If the volume of jurisdictionally unidentifiable traffic is 30% or less of a provider's total traffic, the PIU established under (1) will be applied to the unidentifiable traffic to develop a "blended" PIU for that provider's total prepaid traffic; and
 - 3) If the volume of jurisdictionally unidentifiable traffic exceeds 30% of the provider's total prepaid calling card traffic, or if the provider fails to report a PIU, then a default PIU of 20% interstate (and 80 percent intrastate) applies.
- AT&T's proposed 50% default PIU provides an incentive for carriers with a high volume of intrastate traffic (with higher applicable access charges) to simply opt

out of the PIU development (based on actuals) process. Providers are more likely to use actual data when default PIU provides a less favorable result than compliance.

Treatment of Incomplete Calls

- The FCC must reject AT&T's claim that all minutes of calls where "there is no terminating leg of a call" between the calling card platform and a called party must be treated as interstate.
 - First, AT&T agrees that where there is an outbound call attempt to make an end-to-end intrastate call via the platform, providers should pay intrastate originating access for the duration of the call attempt. *See AT&T Ex Parte* October 28, 2005. Those minutes would be counted as intrastate for purposes of developing PIU. Similarly, where sufficient call data exists to determine the jurisdiction of an incomplete call (the calling and called numbers), that minute should be assigned to the appropriate jurisdiction for developing the PIU.
 - Second, there is simply no support to assume that incomplete calls are "placed to" the calling card platform and treated as interstate. Such an approach would result in an arbitrary skewing of interstate minutes, especially in light of the high number of incomplete calling card calls. Moreover, by assuming that the call terminates at the platform, AT&T is resurrecting, and would have the Commission give credence to, the old two-call theory that has been rejected time and again by the Commission.
 - In such cases, even for incomplete calls, where insufficient call data is available, the default PIU should be applied (as described above). This is consistent with the treatment of 800 traffic today.

Enforcement

- FCC should adopt an enforcement regimen for any entity found stripping or altering jurisdictional information on a call or routing calls to evade jurisdictional classification. Enforcement Bureau should initiate an investigation within 30 days of such a submission supported by test calling. Under the FCC forfeiture scheme, each minute should be treated as a separate offense.
- As an interim measure and until comprehensive intercarrier compensation reform is adopted, where a carrier intentionally masks the jurisdictional classification of a call the billing carrier should be permitted to charge the highest applicable access rate (plus any additional transport rate) for that traffic to deter such future activity.